

**MCI WORLD COM**

**ORIGINAL**

**EX PARTE OR LATE FILED**

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April 26, 2000

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EX PARTE

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**ORIGINAL**

CC Docket No. 99-333

Dear Ms. Salas:

On April 26, 2000, Dan Kelley of HAI, Inc., Richard Metzger of Lawler, Metzger and Milkman and I along with Craig Dingwall of Sprint and Mike Jones of Wilkie, Farr and Gallagher met with, Claudia Fox, Daniel Shiman, Henry Thaggert, Donald Stockdale, Christopher Libertelli, Eric Einhorn and Jim Bird regarding the above referenced matter.

In the meeting we discussed the declaration of Dr. Kelley submitted as part of the merger reply comments filed on March 20, 2000, dealing with the benefits associated with the MCI WorldCom-Sprint merger. The attached presentation focusing on the specific benefits to local competition was used during this meeting.

In accordance with section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), an original and one copy of this memorandum are being filed with your office.

Sincerely,



Bradley Stillman

cc: Claudia Fox  
Daniel Shiman  
Henry Thaggert  
Donald Stockdale  
Christopher Libertelli  
Eric Einhorn  
Jim Bird

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# Local Competition Benefits of the Merger

Daniel Kelley  
HAI Consulting, Inc.  
April 26, 2000

## Merger Benefits

- The merged firm will be able to enter more local markets more quickly, more efficiently and with a broader array of services
  - MMDS is a third end-to-end facilities based alternative, capable of reaching rural and other under served areas
  - UNE entry will also be facilitated

# MMDS

- Non-overlapping licenses
- Advantageous spectrum
- Service to less densely populated areas feasible due to 35 mile coverage radius
- Scalable

# MMDS

- Economies associated with nation-wide deployment
  - Joint technology development
  - More rapid adoption of standards
  - Longer equipment production runs
  - More efficient backhaul of traffic
  - Reduced operating costs

# MMDS

- Economies (cont'd)
  - More efficient regional and national sales and advertising programs
  - Larger long distance and mobile wireless customer base
    - MCI WorldCom has found that it can market local services to its long distance customers more cost-effectively than it can market to customers of third parties
  - Churn is reduced when a customer uses multiple services from the same carrier

## More Effective UNE Competition

- Significant economies of scale in providing service using collocation and UNEs
  - Combining long distance customer base allows the merged firm to provide UNE service to a significantly larger number of incumbent local offices
  - The combined firm will be able to use existing MCI WorldCom collocation spaces to provision Sprint ION
  - Churn will be reduced

## Potential Competition

- The loss of potential competition between the merging parties is not competitively significant
  - The ILECs have a dominant market share
  - There are numerous CLEC competitors
  - Overlap between MCI WorldCom CLEC operations and Sprint local operations is de minimus



## Conclusion

- The combined MCI WorldCom/Sprint will be a more effective local competitor
  - Third facilities-based competitor to compete with the ILECs and cable telephony providers means more people get better service, more quickly, especially in underserved basis
  - The more effective UNE competitor will significantly increase mass market retail competition